

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

**IN RE:**

**FORD STEEL, LLC  
Debtor**

§  
§  
§  
§  
§

**CASE NO. 20-34405  
(Chapter 11  
JUDGE RODRIGUEZ**

**Emergency Motion for Use of Cash Collateral**

\*\*\*\*\*

**This motion seeks an order that may adversely affect you. If you oppose the motion, you should immediately contact the moving party to resolve the dispute. If you and the moving party cannot agree, you must file a response and send a copy to the moving party. You must file and serve your response within 21 days of the date this was served on you. Your response must state why the motion should not be granted. If you do not file a timely response, the relief may be granted without further notice to you. If you oppose the motion and have not reached an agreement, you must attend the hearing. Unless the parties agree otherwise, the court may consider evidence at the hearing and may decide the motion at the hearing.**

**Emergency relief has been requested, if the Court considers the Motion on an emergency basis, then you will have less than 21 days to answer, if you object to the requested relief or if you believe that the emergency consideration is not warranted, you should file an immediate response.**

**Represented parties should act through their attorney.**

\*\*\*\*\*

**TO THE HONORABLE EDUARDO RODRIGUEZ, UNITED STATES BANKRUPTCY  
JUDGE:**

Ford Steel, LLC., Debtor-in-Possession herein files this Emergency Motion for Use of Cash Collateral pursuant to 11 U.S.C. §§ 361 and 363, and in support thereof would show this Court as follows:

**I.**  
**Parties**

1. The Debtor may be served through its Managing Member, Herbert C. Jeffries at 24800 Ford Rd., Porter, Texas 77365, with a copy to its Counsel, Julie M. Koenig, 815 Walker, Suite 1040, Houston, Texas 77002; [Julie.Koenig@cooperscully.com](mailto:Julie.Koenig@cooperscully.com).
2. First Financial Bank, N.A. f/k/a The Bank & Trust of Bryan/College Station may be served through its Chairman and Chief Executive Officer, Scott Dueser, 400 Pine Street, Abilene, Texas 79601, with a copy to its Counsel, Cheyenne Pate; [Cheyenne.pate@westwebb.law](mailto:Cheyenne.pate@westwebb.law).
3. The Internal Revenue Service may be served at the following addresses:
  - a. Internal Revenue Service  
1919 Smith Street, Stop 5024HOU  
Houston, Texas 77002;
  - b. United States Attorney  
District Counsel  
8701 S. Gessner, Suite 710  
Houston, Texas 77074;
  - c. United States Attorney  
910 Travis, Suite 61129  
Houston, Texas 77208;
  - d. United States Attorney General  
United States Department of Justice  
Room D327  
10<sup>th</sup> & Constitution Avenue, N.W.  
Washington, DC 20530; and,
  - e. Internal Revenue Service  
P.O. Box 7346  
Philadelphia, PA 19101-7346

With a courtesy copy to its counsel, Rick Kincheloe at [Richard.Kincheloe@usdoj.gov](mailto:Richard.Kincheloe@usdoj.gov).

4. Equitable Life & Casualty Insurance Company may be served through its Investment Accountant, Ryan J. Bird, 3 Triad Center, Salt Lake City, UT 84180; with a courtesy copy to its counsel, Bruce Ruzinsky; [bruzinsky@jw.com](mailto:bruzinsky@jw.com).
5. U.S. Small Business Administration (the “SBA”) may be served through its General Council and Authorized Agent Emmett Clark, 409 3<sup>rd</sup> St. SW, Washington, DC 20024.

**II.**  
**Jurisdiction and Venue**

6. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §1334. Venue is proper pursuant to 28 U.S. C. §§1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. §157(b)(2)(A) (D), (K), (M) and (O).

**III.**  
**Notice**

7. Sufficient and adequate notice of the Cash Collateral Motion has been given to prevent immediate and irreparable harm pursuant to Bankruptcy Rule 4001(c); Local Bankruptcy Rule 4001(c), and 4002-1(i) , as required by Sections 102, 361 and 363 of the Bankruptcy Code

**IV.**  
**History and Background**

8. On September 1, 2020, Ford Steel, LLC (“Ford” or “Debtor”), filed a Voluntary Petition under Chapter 11 of Title 11 of the United States Code.
9. The Debtor is operating as Debtor-in-Possession pursuant to 11 U.S.C. §§1107(a) and 1108 and no Trustee has been appointed.

10. This is a second Chapter 11 filing for Ford, it's previous case was Case No. 17-32058 jointly administered under Case No. 17-35027.
11. Herbert C. Jeffries purchased the company that became Ford as a going concern in 2006, and formed it as a limited liability company on August 9, 2006. Ford is an AISC certified steel fabricator using state of the art CNC machinery. It fabricates platforms, skids, ladders, communication/broadcast towers, custom fabrication for customers worldwide.
12. Herbert C. Jeffries owns 86% of Ford and Steve Bales owns the remaining 14% of that company.

**V.**  
**Prepetition Liens**

**a. The Bank & Trust of Bryan/College Station:**

13. On December 6, 2010, First Financial Bank, N.A. f/k/a The Bank & Trust of Bryan/College Station ("Bank"), H.C. Jeffries Tower Company, Inc. ("Tower"), and Ford executed a promissory note (the "Bank Note") evidencing indebtedness in the amount of \$671,871.12 secured by personal and real property described in an Extension and Modification of Promissory Note and Real Estate Lien dated June 23, 2011<sup>1</sup>, and recorded as Document No. 2011085662 in the Public Records of Montgomery County, Texas. Herbert C. Jeffries ("Jeffries") executed a personal guaranty of the Bank Note.

---

<sup>1</sup> The indebtedness to Bank actually dates back to 2006 via a loan from Texas Enterprise Bank which was subsequently purchased by Bank.

14. The Bank filed an amendment to the Texas Enterprise Bank's UCC-1 Financing Statements<sup>2</sup> on July 21, 2010. The Bank also filed its own UCC-1 Financing Statements on September 17, 2010, and January 3, 2011 (collectively the "UCC-1 Filings"). The UCC-1 Filings were against both Tower and Ford and constitute a blanket lien on all of the Debtors' assets. A copy of the UCC-1 Financing Statements is attached hereto as Exhibit "A".
15. On February 28, 2013, the Bank, Tower, Ford and Jeffries entered into a Standstill Agreement whereby the Bank agreed to forego all remedies under the Bank Note in return for payments of \$20,000 per month until the earlier of September 1, 2013 or the date the Bank gave Tower and Ford a termination notice. Tower and Ford defaulted under the Standstill Agreement. On June 28, 2017, the Bank filed suit in Montgomery County, Texas in a case styled *The Bank & Trust of Bryan/College Station v. H.C. Jeffries Tower Company, Inc., Ford Steel, L.L.C. and Herbert C. Jeffries*, Case No. 17-001700-CV-85 in the 85<sup>th</sup> Judicial District Court of Brazos County, Texas to collect on the Bank Note.
16. During the pendency of the Debtor's prior chapter 11 the Debtor made monthly payments of \$10,000 to the Bank and post-confirmation made monthly payments in the amount of \$8,270.44 effectively from October 15, 2019 through July, 2020.
- b. **The Internal Revenue Service:**
17. Ford is indebted to the Internal Revenue Service (the "IRS") for 940 and 941 taxes between 2012 and 2016.
18. The IRS filed Notices of Federal Tax Liens against Ford in the total amount of \$2,253,756.77 on the following dates:

---

<sup>2</sup> The Bank is the successor in interest to Texas Enterprise Bank.

- a. August 5, 2013, in the amount of \$23,521.13;
  - b. July 30, 2014, in the amount of \$631,830.04;
  - c. August 4, 2014, in the amount of \$277,567.94;
  - d. January 12, 2015, in the amount of \$194,036.26;
  - e. August 10, 2015, in the amount of \$12,266.21;
  - f. November 9, 2015, in the amount of \$43,301.66;
  - g. November 20, 2015, in the amount of \$133,128.94;
  - h. February 6, 2017, in the amount of \$752,895.65;
  - i. February 13, 2017, in the amount of \$56,908.01; and,
  - j. July 18, 2017, in the amount of \$128,300.93.
19. Ford has remained current on its indebtedness to the IRS for the year 2017.
20. Ford has made payments on this indebtedness under its prior confirmed plan in the total amount of \$528,872.74. These payments were made effectively from October 15, 2019 through July, 2020.
21. Copies of the IRS Federal Tax Liens against Ford are attached hereto as Exhibit “B”.
- c. U.S. Small Business Administration:**
22. On June 14, 2020, the Ford received an Economic Injury Disaster Loan from the U.S. Small Business Administration in the amount of \$150,000.00 (the “SBA Loan”). The SBA Loan’s first payment is not due until June of 2021 with monthly payments of \$731.00 at 3.75% interest over 30 years. The SBA Loan is secured by a blanket lien on Ford’s tangible and intangible personal property assets. On June 28, 2020, the SBA filed a UCC-1 Financing Statement to secure the SBA Loan. A copy of the SBA UCC-1 Financing Statement is attached hereto as Exhibit “C”.
- d. Equitable Life & Casualty Insurance Company:**
23. Equitable Life & Casualty Insurance Company (“Equitable”) holds a first lien on the Debtor’s real property located at 24900 Ford Road, Porter, Texas 77365. Equitable does not have an interest in cash collateral.

**VI.**  
**Cash Collateral**

24. Ford requires the emergency use of cash collateral in the amount of \$694,577.25 for the next twenty-five (25) days to meet payroll and expenses to continue its business operations. The majority of these funds are for payroll, payroll taxes and benefits, insurance, sales tax, galvanizing, steel purchases and continuing expenses. The anticipated income for this period is \$606,126.04 plus cash on hand in the amount of \$104,026.00. A copy of the anticipated budget for the next twenty-five and thirty days is attached hereto as Exhibit “D” and fully incorporated herein by reference.
25. In addition, the Debtor requires the use of cash collateral on a monthly basis. The exact amount needed is difficult to calculate based on Ford’s business and will be discussed at the Cash Collateral Hearing.
26. As adequate protection for the use of cash collateral, the liens of Bank, the IRS and the SBA shall attach to Cash Collateral, the Pre-Petition Collateral, and any other assets of Ford in the same extent, validity, and priority to which they attached before the filing of this Bankruptcy Case.
27. The security interests granted to the Bank, the IRS and the SBA post-petition shall not have priority over (a) prior perfected and unavoidable liens and security interest in the property of the Debtor’s estate as of the Petition Date other than their liens in the Pre-Petition Collateral, provided that (1) such liens and security interest are prior to other prepetition liens and security interests, valid, perfected, not adequately protected, and non-avoidable in accordance with applicable law; (b) the quarterly fees payable to the United States Trustee pursuant to 28 U.S.C.

§1930; and (c) a \$2,500 per month carve out for fees and expenses of Debtor's Counsel to be held in trust pending further Order of the Court.

**Wherefore, Premises Considered,** Ford Steel, LLC, Debtor-in-Possession, prays that this Court conduct an Emergency Hearing on the Emergency Motion to Use Cash Collateral, enter an Order for Emergency Use of Cash Collateral for the Period September 1, 2020 through September 25, 2020, set a final hearing on the Motion, enter an Order for Interim Use of Cash Collateral after the hearing, and for such other and further relief, at law and in equity, as this Court deems just.

Respectfully submitted this 1<sup>st</sup> day of September, 2020.

**Cooper & Scully, PC.**

By: /s/ Julie M. Koenig

Julie M. Koenig

SBA # 14217300

815 Walker, Suite 1040

Houston, Texas 77002

713/236-6800 (Telephone)

713/236-6880 (Telecopier)

[Julie.Koenig@cooperscully.com](mailto:Julie.Koenig@cooperscully.com)

Attorneys for the Debtor



**Certificate of Service**

I hereby certify that a true and correct copy of the foregoing has been served on all of the parties listed below and on the attached service list, including parties requesting notice, via either ECF Notification or by first class mail, proper postage affixed, on the 1<sup>st</sup> day of September, 2020.

By: /s/ Julie M. Koenig  
Julie M. Koenig

For Equitable Life & Casualty Insurance Company:

Bruce Ruzinsky [bruzinsky@jw.com](mailto:bruzinsky@jw.com);  
Matt Cavanaugh [mcavanaugh@jw.com](mailto:mcavanaugh@jw.com)

For The Bank & Trust of Bryan/College Station:

Cheyenne Pate [Cheyenne.Pate@westwebblaw.com](mailto:Cheyenne.Pate@westwebblaw.com);

For the Internal Revenue Service:

Richard Kinchelo [Richard.Kincheloe@usdoj.gov](mailto:Richard.Kincheloe@usdoj.gov) ;

Label Matrix for local noticing  
0541-4  
Case 20-34405  
Southern District of Texas  
Houston  
Tue Sep 1 14:44:42 CDT 2020

AFLAC  
1932 WYNNTON ROAD  
COLOMBUS, GA 31999-0001

American Express  
P.O. Box 650448  
Dallas, TX 75265-0448

Bozeman Engineering, Inc.  
5868 Westheimer, #309  
Houston, TX 77057-5641

Cheyenne Pate  
1515 Emerald Plaza  
College Station, TX 77845-1515

Equitable Life and Casualty Insurance Co  
3 Triad Center  
Salt Lake City, UT 84180-1211

HARRIS COUNTY/CITY OF HOUSTON  
C/O BANKRUPTCY DEPT  
PO BOX 3064  
HOUSTON, TX 77253-3064

Hebert Jeffries  
23605 White Oak Forest  
Porter, TX 77365-5127

(p)INTERNAL REVENUE SERVICE  
CENTRALIZED INSOLVENCY OPERATIONS  
PO BOX 7346  
PHILADELPHIA PA 19101-7346

Internal Revenue Service  
Insolvency Department  
PO Box 7346  
Philadelphia, PA 19101-7346

Ford Steel, LLC  
24800 Ford Road  
Porter, TX 77365-5450

ATTORNEY GENERAL  
TAX DIV. - BANKRUPTCY  
POB 12548  
AUSTIN, TX 78711-2548

Ameritas Life Insurance Corp  
PO Box 650730  
Dallas, TX 75265-0730

Carboline Company  
2150 Schuetz Road  
St. Louis, MO 63146-3504

Crown Industrial LLC.  
P.O. Box 471  
Willow Grove, PA 19090-0471

Esskay Structures, Inc.  
2950 Short Court  
Vienna, VA 22181-5906

HJ Tower Management Inc.  
24900 Ford Road  
Porter, TX 77365-5452

Hodell-Natco Industries, Inc.  
P.O. Box 72594  
Cleveland, OH 44192-0002

IWS Gas & Supply of Texas, LTD.  
125 Thruway Park  
Broussard, LA 70518-3601

Intertek Asset Integrity Management, Inc  
P.O. Box 419435  
Boston, MA 02241-9435

4  
United States Bankruptcy Court  
PO Box 61010  
Houston, TX 77208-1010

AZZ Inc  
One Museum Place  
3100 West 7th Street  
Suite 500  
Fort Worth, TX 76107-8701

Attorney General  
Department of Justice  
10th and Constitution Ave N.W.  
Rm. 400  
Washington, D.C. 20530, 20530-0001

Chamberlain Hrdlicka  
1200 Smith Street Suite 1400  
Houston, TX 77002-4496

D&L QUALITY PAINTING INC  
12212 GREEN RIVER DR  
HOUSTON, TX 77044-2213

Fort Worth Tower LLC  
P.O. Box 848366  
Dallas, TX 75284-8366

Harris County  
c/o John Dillman  
PO Box3064  
Houston, TX 77253-3064

IRS  
8701 S. GESSNER  
HOUSTON, TX 77074-2915

Internal Revenue Service  
12941 North Freeway, Ste. 316 Stop HNW  
Houston, TX 77060-1241

JPW Engineering Services PVT. LTD.  
115 N. Sutter St.  
Stockton, CA 95202-2401

Konecranes Inc.  
P.O. Box 641807  
Pittsburgh, PA 15264-1807

LINEBARGER, GOGGAN & BLAIR  
PO BOX 3064  
HOUSTON, TX 77253-3064

Landsberg  
P.O. Box 731575  
Dallas, TX 75373-1575

Lichtgitter USA  
12818 N Lake Houston Pkwy  
Houston TX 77044-6397

MONTGOMERY COUNTY  
TAX COLLECTOR  
400 N SAN JACINTO  
CONROE, TX 77301-2823

Marco  
701 East Boulevard  
Deer Park, TX 77536-1915

McNichols  
2502 N. Rocky Point Drive #750  
Tampa, FL 33607-1453

Meadow Lark Agency Inc.  
PO Box 150029  
Ogden, UT 84415-0029

Memorial Herman Health Plan  
LOCKBOX 301662  
DALLAS, TX 75303-1662

Metal Plate Galvanizing  
10625 Needham St.  
Houston, TX 77013-3209

Metelmex Int, INC.  
3006 April Ln.  
Houston, TX 77092-7216

National Commercial Products  
P.O. Box 426  
Southampton, PA 18966-0426

Northern Safety Company, Inc.  
P.O. Box 4250  
Utica, NY 13504-4250

Prystash Insurance Agency  
2207 Danbury P.O. Box 17926  
San Antonio, TX 78217-0926

R L Land Services  
3401 Timmons Lane #31  
Houston, TX 77027-6431

S&B Modular Operations, Ltd.  
3959 Oscar Nelson Jr. Dr.  
Baytown, TX 77523-8022

SECURITIES AND EXCHANGE  
COMMISSION  
450 FIFTH STREET NW  
WASHINGTON, DC 20549-0006

Sagebrush Towers Inc.  
24900 Ford Road  
Porter, TX 77365-5452

Service Steel Warehouse, L.P.  
P.O. Box 843965  
Dallas, TX 75284-3965

Small Business Administration  
409 3rd St, SW  
Washington DC 20416-0002

Standard Premium  
13590 SW 134th Ave, Suite 214  
Miami, FL 33186-4576

Steel and Pipe Supply Co.  
P.O.BOX 731266  
Dallas, TX 75373-1266

Steve Bales  
909 Crystal Creek Dr.  
Austin, TX 78746-4709

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS  
111 E. 17TH STREET  
AUSTIN, TX 78774-0100  
Attn: Bankruptcy Dept,

Texas Workforce Commission  
PO Box 149037  
Austin, Texas 78714-9037

The Bank & Trust of Bryan/College Statio  
1716 Briarcrest, Suite 400  
Bryan, TX 77802-2766

The Bank & Trust of Bryan/College Statio  
PO Box 5847  
Bryan, TX 77805-5847

Triple-S Steel Supply Co.  
P.O. Box 21119  
Houston, TX 77226-1119

Tupa Ventures, Inc  
26212 Whispering Pines St.  
Magnolia, TX 77355

UNITED STATES TRUSTEE  
515 Rusk Avenue, Ste. 3516  
Houston, Texas 77002-2604

US Trustee  
Office of the US Trustee  
515 Rusk Ave  
Ste 3516  
Houston, TX 77002-2604

United Tool and Fastener, Inc.  
P.O. Box 38951  
Houston, TX 77238-8951

Valmont United Galvanizing  
6123 Cunningham Road  
Houston, TX 77041-4707

Xerox Capital Services, LLC  
P.O. Box 7405  
Pasadena, CA 91109-7405

Julie Mitchell Koenig  
Cooper & Scully, PC  
815 Walker, Suite 1040  
Houston, TX 77002-5776

The preferred mailing address (p) above has been substituted for the following entity/entities as so specified  
by said entity/entities in a Notice of Address filed pursuant to 11 U.S.C. 342(f) and Fed.R.Bank.P. 2002 (g)(4).

IRS  
PO BOX 149047  
AUSTIN, TX 78714

(d)Internal Revenue Service  
1919 Smith St.  
Stop 5024 HOU  
Houston, TX 77002

(d)Internal Revenue Service  
STOP 6692 AUSC  
Austin, TX 73301-0030

End of Label Matrix  
Mailable recipients 64  
Bypassed recipients 0  
Total 64